

Please note: These transcripts are not individually reviewed and approved for accuracy.

STATE OF CALIFORNIA  
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD  
EXCERPT OF BOARD MEETING

ITEM 11  
DISCUSSION OF DRAFT FIVE-YEAR PLAN REQUIRED BY SB 876

JOE SERNA JR., CAL EPA BUILDING  
CENTRAL VALLEY AUDITORIUM  
1001 I STREET, SECOND FLOOR  
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 21, 2001

9:35 A.M.

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

A P P E A R A N C E S

BOARD MEMBERS PRESENT:

LINDA MOULTON-PATTERSON, Chair  
DAN EATON  
STEVEN R. JONES  
JOSE MEDINA  
MICHAEL PAPARIAN  
DAVID A. ROBERTI

STAFF PRESENT:

BONNIE BRUCE, Interim Executive Director  
KARIN FISH, Chief Deputy Director  
KATHRYN TOBIAS, Chief Counsel  
ELLIOT BLACK, Legal Counsel  
YVONNE VILLA, Board Secretary  
DEBORAH MCKEE, Administrative Assistant

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1 P R O C E E D I N G S

2 --oOo--

3 BOARD CHAIR MOULTON-PATTERSON: I'd like to  
4 call the meeting back to order and welcome everybody back  
5 again. We're going to be -- first of all, let's have the  
6 secretary call the roll.

7 SECRETARY VILLA: Eaton.

8 BOARD MEMBER EATON: Here.

9 BOARD SECRETARY VILLA: Jones.

10 BOARD MEMBER JONES: Here.

11 BOARD SECRETARY VILLA: Medina.

12 BOARD MEMBER MEDINA: Here.

13 BOARD SECRETARY VILLA: Paparian.

14 BOARD MEMBER PAPARIAN: Here.

15 BOARD SECRETARY VILLA: Roberti.

16 (NO RESPONSE.)

17 BOARD SECRETARY VILLA: Moulton-Patterson.

18 BOARD CHAIR MOULTON-PATTERSON: Here. Okay.

19 I'll start with ex partes since I want to ex parte a  
20 couple on behalf of all the Board members.

21 There was a memo to me from Michael Kenny,  
22 Executive Officer of the Air Board, on material emissions  
23 testing and their support of items 17 and 19 on our Board  
24 agenda. And I believe all of the Board members got a  
25 copy of that. If you haven't, let me know. And I'd like

1 to ex parte it on behalf of all of them.

2 Also, I'd like to ex parte a letter to me from  
3 Congressman Gary Condit regarding his objections to the  
4 restarting of MELP.

5 And with that I'll turn to Mr. Eaton for  
6 ex-partes.

7 BOARD MEMBER EATON: Up to date.

8 BOARD CHAIR MOULTON-PATTERSON: Thank you. Mr.  
9 Jones.

10 BOARD MEMBER JONES: Clarence Gieck with GLASMA  
11 on the disposal reporting system, and Peter on health  
12 services.

13 BOARD CHAIR MOULTON-PATTERSON: Thank you. Mr.  
14 Medina.

15 BOARD MEMBER MEDINA: None to report.

16 BOARD CHAIR MOULTON-PATTERSON: Mr. Paparian.

17 BOARD MEMBER PAPARIAN: None.

18 BOARD CHAIR MOULTON-PATTERSON: Okay. Thank  
19 you. And we will start on item 11 today.

20 Before we start I did want to mention, I  
21 neglected to mention it yesterday, you know we are in our  
22 brand new room, also that the seating is recycled as well  
23 as the carpeting. And we just wanted to point that out.  
24 That I guess these are old theater seats that have been  
25 recycled is my understanding.

1           I would also like to ask that all cell phones  
2   and pagers be turned off so they don't disrupt the  
3   meeting. And also, I'd like to ask that you keep your  
4   comments to less than five minutes. Yesterday we had a  
5   very, very long day, and we're not even a fourth finished  
6   of, on our agenda. So if you would try not to be  
7   repetitive and to keep them between three and five  
8   minutes, we'd really appreciate it.

9           And with that, I'll turn it over to Mr. Leary.

10          MR. LEARY: Good morning, Madam Chair, members  
11   of the Board. I had such bad luck with the microphone  
12   yesterday, I hope this works out fine.

13          Agenda item 11 is a discussion of the SB 876  
14   Five-Year Plan. As the Board will recall as you all were  
15   in attendance, we held a workshop back on January 16th of  
16   this year to discuss our first draft of the five year  
17   plan.

18          And as a result of that workshop we received, as  
19   you know, a significant amount of testimony. In fact,  
20   this document here represents the transcripts of that  
21   testimony. And we found the testimony very useful, and  
22   in fact, we learned a lot. And the discussion that was  
23   generated resulted in many changes to the five year plan.

24          We are back before you with our second draft of  
25   the five year plan. And I'd like to just briefly

1 highlight a number of the changes that have occurred from  
2 that first draft to the second draft.

3 We've attempted to, in the second draft to  
4 incorporate some discussion of staff costs in each of the  
5 elements included in that five year plan. Those staff  
6 cost estimates are rough. We anticipate refining them  
7 before the five year plan is final for your  
8 consideration.

9 We've also made, in the second draft, a first  
10 attempt at the goals and objectives. There was a strong  
11 comment made by both Board members and stakeholders, and  
12 it's required actually by the legislation that we include  
13 a statement of our goals and objectives, what we're  
14 hoping to accomplish through this five years.

15 We've also included a list of our short and  
16 long-term remediation projects. We recognize we missed,  
17 we were lacking that detail in the first draft. We've  
18 tried to provide it here in the second draft. And we've  
19 tried to make some modification to cleanup costs as part  
20 of that list.

21 We've also included that over the next five  
22 fiscal years, two million dollars in funding, and added  
23 support for energy recovery from tires. Recognizing that  
24 energy is an important issue for the Board and for the  
25 State of California as a whole, this next draft represent

1 an increase in \$2 million devoted to that effort.

2 The interagency agreement with the California  
3 Highway Patrol is expanded and is now included in program  
4 elements one through five, both in the aerial  
5 surveillance part of the enforcement element, as well as  
6 the increased presence in relation to program element  
7 number five having to do with haulers and manifests.

8 Funding is added in research in the following  
9 areas:

10 We've added funding for the research of how to  
11 recycle fiber and steel from waste tires.

12 We've added research monies for a side by side  
13 comparison of rubberized asphalt manufacturing  
14 methodology.

15 We've also included, in regards and in respect  
16 to a large amount of testimony received in the workshop,  
17 some additional funding for a study of, call it  
18 subsidies, call it rebates, call it incentives, there was  
19 a significant amount of testimony on January 16th  
20 relating to the impact of external subsidies, those  
21 offered by the provinces of British Columbia and Alberta  
22 and other Canadian provinces, as well as some states like  
23 Utah and Arizona, and the impact that has on the  
24 California marketplace; and the suggestion, or certainly  
25 the strong implication that California should consider

1 the idea of subsidies, rebates, incentives as part of its  
2 five year plan.

3 What we've included in the five year plan is a  
4 study in the first year. We believe the whole issue of  
5 subsidies, rebates, incentives is a complex one, one that  
6 will drastically shape and affect the marketplace of  
7 tires in the State of California in the years to come.  
8 We are concerned about resolving that issue. We're  
9 trying to recommend a certain direction one way or  
10 another in time to complete the five year plan.

11 And what we ask or are requesting in this draft  
12 is simply allowance for that to occur subsequent or at  
13 least on a side track to the five year plan, and that we  
14 do not hold up the five year plan in its development in  
15 consideration or resolution of the whole idea of  
16 subsidies, rebates, or incentives; just because we won't  
17 make our legislative deadline potentially if we invest a  
18 lot of staff time and effort in evaluating that subject  
19 while at the same time trying to complete the five year  
20 plan.

21 Finally, despite the, much discussion in the  
22 media over the last couple weeks about the potential  
23 restart or, of the MELP facility in Westley, it is not  
24 our intention today as part of this item, or the  
25 subsequent item, agenda item twelve, to discuss the

1 viability of that possibility.

2 We are happy to respond to any comments, any  
3 questions you might have, and explain what we know about  
4 what's been suggested or proposed, and relate to you our  
5 understanding; but it is not our intent certainly to  
6 discuss, to make that part of our discussion here today  
7 in this agenda item or the subsequent one on the energy  
8 issue.

9 And with that, I will conclude my comments, and  
10 I welcome your questions and answers, and I look forward  
11 to the testimony I'm sure we are to receive from our  
12 stakeholders.

13 BOARD CHAIR MOULTON-PATTERSON: Thank you. And  
14 I might mention that there are speaker slips in the back,  
15 and if you would give them to Ms. Villa over there she'll  
16 make sure that we get them and hear your comments.

17 Board questions? Comments? Mr. Eaton.

18 BOARD MEMBER EATON: Yes, Mr. Leary.

19 MR. LEARY: Yes, sir.

20 BOARD MEMBER EATON: Intrinsically missing was  
21 the issue of cleanup, and we had extensive discussions on  
22 cleanup and the specifics of that. And that continues to  
23 be the primary focus of both the author and co-author of  
24 the bill.

25 So while I think research and development are

1 good things, as you well know going through the  
2 legislation last year, it was one of the years where we  
3 were criticized on because there had been in the past  
4 much too much focus and too little action.

5 So what have we done in the report, in this  
6 first draft, to get into more specifics on cleanup?  
7 Specifically I'm looking for a number of sites,  
8 timelines. Have we done any of that work?

9 MR. LEARY: Attachment one to the draft provides  
10 our list of sites of both short-term and long-term, a  
11 list of both short-term remediation projects as well as  
12 long-term remediation projects that we are initially,  
13 that are initially in our hopper for cleanup actions in  
14 the coming years.

15 And as the program element describes, we have  
16 significant money devoted to clean up, both through state  
17 activities as well as local government activities in all  
18 five fiscal years, ranging from about \$11.1 million in  
19 the second fiscal year to a low of 8.3 in the fourth  
20 fiscal year.

21 In terms of --

22 BOARD MEMBER EATON: How much was that figure  
23 again? I'm sorry? 11.1 you mentioned?

24 MR. LEERY: Yeah, 11.1, it's on page fifteen of  
25 the five year plan. 11.1 in the second fiscal year and,

1 as a high, and a low of 8.35 in the fourth fiscal year.

2 And the finding of the --

3 BOARD MEMBER EATON: You think that that will be  
4 sufficient then to take care of the problem? And I ask  
5 this in all, you know, sincerity because one of the  
6 issues that's going to come up is the fact that once the  
7 cleanup goes away, the fee drops.

8 MR. LEARY: That's right.

9 BOARD MEMBER EATON: So I want to be very clear  
10 with what we do to clean up, that we have a very clear  
11 action plan, and that we give ourselves adequate time and  
12 resources to complete it because, as you well know, once  
13 that's done that leaves probably less than, you know,  
14 what we had originally as the fee as the quarter.

15 So I'm very much interested that while it's nice  
16 to set up a mechanism, and I believe in the local grants,  
17 but I also believe that it cannot be setting up a  
18 mechanism by which it is a funding mechanism for ongoing  
19 activity because at a certain point, at least by all  
20 indications we had going through the bill, that money  
21 will go away.

22 So I don't want to create, you know, local  
23 governments believing this is going to continue, so what  
24 is the timeframe and what is it we have to do and get on  
25 with it. That's why I'm looking for the specifics

1 because that will go away.

2 MR. LEARY: That's an excellent point and I  
3 concur and sympathize with your sensitivity of that  
4 issue. I think we can certainly make it clear. And  
5 maybe it would be helpful to make it clear in this  
6 document to identify which of these potential allocations  
7 may be reduced after the fifth fiscal year pursuant to  
8 the reduction in the fee.

9 Since the fee will be reduced by a quarter, we  
10 may want to mention that although we've only projected  
11 five years, we can also project beyond five years, and  
12 that is the money that will be reduced and maybe greatly  
13 reduce the local government cleanup grant or some other  
14 fund.

15 BOARD MEMBER EATON: All I'm trying to do is  
16 find out really, I mean I'm looking for the road map by  
17 which we have identified the areas that need to be  
18 cleaned up. We're doing flyovers. We've got some  
19 land-based reconnaissance. We already know of some other  
20 kinds of sites that we've identified. Those in and of  
21 itself we ought to have a timeline as to when we can go  
22 after them.

23 Some of those will be, you know, very loose  
24 timelines, because some of those are maybe on private  
25 property and they may require some outside legal action

1 in order to gain access to the property. But I think  
2 it's important as we go forward as the Board and to  
3 present this, it's not just a spending plan, they're  
4 going to be looking for very, very specific information  
5 is my, the questions that I get when I talk with people  
6 in the legislature. And I just don't see that here yet.  
7 And I'm requesting to develop that.

8 Because, for instance, they asked me, civil  
9 engineering, all right, I talk about all the great work  
10 that the professor from the University of Maine did, the  
11 question is what do we have now? Is that a proven  
12 technology or do we need to have more research? And if  
13 so, if it is a proven technology like the Buckmans and  
14 things of that nature, then our next step ought to be  
15 funding those projects at CalTrans or funding those  
16 projects at the local level to use those materials.

17 Because let's face it, the local, I mean it's  
18 not just local cleanup, it's local projects as well. If  
19 we have the ability to go in and provide bridge abutments  
20 to the local public works, you know, then that's what we  
21 should do. And I think that's the kind of stuff we  
22 really need for market development.

23 So are we at that stage yet? Are we, we've  
24 obviously proven that rubberized asphalt works, and we're  
25 going to do that comparison, but the question is, you

1 know, now what is the action plan?

2 MS. GILDART: Martha Gildart with the Special  
3 Waste Division. We have one project that's to get  
4 underway this spring in the Bay area, and you've heard  
5 that discussion before, where we are providing the  
6 funding to purchase the tire shreds to be used in a  
7 highway on-ramp where the Bay muds are particularly  
8 susceptible to settlement.

9 There is another project currently under  
10 discussion for a light rail transit system where they're  
11 interested in using tire shreds as a dampening mechanism  
12 under the rail line.

13 And in the five year plan we have over five  
14 million dollars set aside over the five years to support  
15 civil engineering projects, where we could either  
16 purchase the shreds if that's part of the problem, or  
17 actually help with some of the design parameters and the  
18 QA/QC, quality assurance, quality control.

19 BOARD MEMBER EATON: And where are we with the  
20 levee project? What is the current status?

21 MS. GILDART: It's working fine. There are  
22 monitors in place to determine whether or not there's any  
23 seeping, leaking, cracking, creeping, that kind of stuff.

24 BOARD MEMBER EATON: And when might we get a  
25 report on that? And the reason why I ask is because I

1 understand that there are going to be some federal  
2 dollars coming down to the state as well as some  
3 additional dollars for flood control in the next couple  
4 of years. And what I'm wondering is do we have our  
5 background in research available that we can even do  
6 matches or others to be able to get that going in to  
7 protect flood control areas, whether it be levies, flood  
8 control channels, or any other means.

9 MS. GILLAN: Part of the original agreement with  
10 the University of Chico was to do such a follow-up study  
11 after the levee had been in place a couple of years. And  
12 that's definitely something you would need to work into a  
13 contract in the coming fiscal year. It would be a very  
14 minor funding amount, at the time we were estimating it  
15 would be 20,000, 30,000 just to write that final report.  
16 Because it was such a long-term project we couldn't fund  
17 it all at once, the monies didn't last that long. But  
18 that would be coming up probably the next fiscal year  
19 funding, and a report available perhaps by next the  
20 spring.

21 BOARD MEMBER EATON: That would be an important  
22 aspect because some of those workers who may have been on  
23 that project may come and go, and so those who work on  
24 the project are kind of anxious to have it happen. So  
25 perhaps maybe that ought to be part of your research and

1 development project as a civil engineering project.

2 And that's the kind of dot connecting I'm  
3 looking for to be able to show that it's not just money  
4 that's being spent, and that it does have a dividend at  
5 the end of it.

6 And I know we also have a couple of projects  
7 with, what are they, the leach lines or something with  
8 parks and rec. And those are the kinds of things that I  
9 think if we can start doing those, then we have the  
10 opportunity to basically connect those to state agencies  
11 where we have some access and some ability to leverage.

12 MR. LEARY: Well that certainly is in our  
13 intent. And let me explore with you a little bit of, I  
14 think your request for recommendation for greater  
15 specificity. I think that's a little bit of a struggle  
16 for us.

17 I think what you see before us in this second  
18 draft is really the state of our knowledge in terms of  
19 what we think, the kind of money that needs to be  
20 available, particularly in the cleanup areas.

21 As we all know, there's a great number of  
22 uncertainties involved with getting some of these  
23 cleanups, particularly the large ones. They approximate  
24 state and federal superfund sites in their complexity  
25 when you consider the tire fire sites and the potential

1 for contamination of groundwater and potential  
2 expenditure of resources that would require, and what  
3 groundwater treatment is ultimately required to remediate  
4 the contamination resulting from those fires.

5           So I'm, I sympathize and concur with your  
6 suggestion that we provide as much specificity as we can  
7 because I think you're right, I think the legislature is  
8 going to demand it. But I also think that this is  
9 somewhat of a living document, the legislature requires  
10 us to revise it every two years. I'm envisioning maybe  
11 we move more frequently to keep the legislature involved  
12 and engaged in the implementation of the tire program by  
13 updating this quarterly or every six months to report  
14 back to the legislature, but maybe that's a little too  
15 frequent.

16           But the idea being that we want to provide them  
17 progress reports that although the state of our knowledge  
18 now is maybe in its infancy in terms of the large number  
19 of sites we have to deal with and the number of resources  
20 we have currently in-house, but we're going to be  
21 expanding the program; our sophistication in cleaning up  
22 sites is going to be greatly advanced in six months to a  
23 year; and will get a report back to the legislature and  
24 to the Board and the Governor's office with a great deal  
25 more specificity than maybe we currently have time to

1 develop now in light of the fact that we've only been at  
2 this a couple of months in preparing this plan.

3 BOARD MEMBER EATON: I understand that, and I do  
4 sympathize with you, but we went to the legislature and  
5 said we know there's X amount of tires out there that  
6 need to be cleaned up. So I don't know what technology,  
7 I don't know what specificity you need, we needed a  
8 timeline; you know where they're located. So that's the  
9 kind of situation. That's why it just doesn't float  
10 well.

11 You know where the tires are. We know they're  
12 in Sonoma County. We know how to go out there and get  
13 'em. We're not talking about Royster or Westley which  
14 are going to require an extensive amount of money to  
15 clean up, I mean those are the types of issues I  
16 understand. But I'm talking about the other ones.

17 We went there and said we have X amount of tires  
18 to clean up, so we can't dodge that bullet, that bullet  
19 has already been fired. And what I'm saying is you've  
20 got the list right here, what is the timeline for going  
21 about doing it?

22 You know, that's not technology, you know,  
23 that's simply what machinery you are going to need, how  
24 many contractors we're going to need, because we're going  
25 to have to have several contractors, and you know, what

1 are we going to do? Are we going to landfill those? Are  
2 we going to monitor those? Are those in this plan?

3 MR. LEARY: The ultimate disposition?

4 BOARD MEMBER EATON: Yeah.

5 MR. LEARY: No.

6 BOARD MEMBER EATON: I think that's something  
7 they're going to want to know. I mean --

8 MS. GILDART: There is an allocation of funds  
9 for those projects, but the specifics of how they will be  
10 remediated are not in the plan.

11 BOARD MEMBER EATON: I guess the point is and  
12 I'm not going to say anymore, I don't think we should shy  
13 away. I think we've done a good job, a great job as a  
14 matter of fact. I think we can show people that we  
15 deserve the money and, not only deserve it but you're  
16 probably going to need more once you get into it. But if  
17 we shy away and just try to play hide the ball and do the  
18 usual thing where we don't have enough, it's not going to  
19 float, it's just not going to float.

20 MR. LEARY: I appreciate that.

21 BOARD MEMBER EATON: Because if another one goes  
22 up, then we're really behind the eight ball.

23 MR. LEARY: What I'm envisioning, and I'll make  
24 this my final comment too, is maybe in response to your  
25 ideas that we do know of 176 sites that we haven't

1 investigated yet pursuant to the CHP aerial surveillance.  
2 And we can propose a timeline for both initial  
3 enforcement and the subsequent cleanup over the five  
4 years that ultimately result in all 176 of those being  
5 addressed and cleaned up by the end of the five year  
6 plan.

7 In fact, we list that as one of our program  
8 goals and objectives is to basically eliminate all the  
9 illegally stored tire piles in the state that we know  
10 about by the conclusion of the five years. And we can  
11 provide a plan, or at least a rough estimate of the time  
12 schedule for addressing, not only the sites listed in  
13 table one, but the other 176 that we have yet to  
14 investigate and provide some of the detail in that  
15 regard.

16 Thank you.

17 BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
18 Eaton. I've got a general question. Week after next I'm  
19 meeting with Secretary of Transportation Manetta. Are  
20 there any federal incentives for projects that use  
21 rubberized asphalt, do you know?

22 MS. GILDART: At one time there was an act  
23 Intermodal Surface Transportation Efficiency Act, it was  
24 called ISTEA for short, which had specified the use of  
25 rubberized asphalt nationwide on federal highways, but

1 that was overturned by Congress, the funding was cut out  
2 of it before it really got implemented. So currently  
3 there are no requirements.

4 BOARD CHAIR MOULTON-PATTERSON: Thank you very  
5 much.

6 Mr. Jones.

7 BOARD MEMBER JONES: Thanks, Madam Chair. Just  
8 a couple things to followup on what Mr. Eaton was saying.

9 I think that by having in the report that you've  
10 identified 176 as a result of the contract with the  
11 Highway Patrol, and that, at least if we can talk a  
12 little bit about, in the report, about the investigation,  
13 the process of trying to get, finding out first who's  
14 responsible in the investigation, and the question are  
15 they legal, what's the deal? And then what it's going to  
16 take to get access onto that property.

17 And then -- so that there is a sense that, you  
18 know, this isn't a quick process, but that they will be  
19 updated, you know. That we're going to know that these  
20 are going to be in some part of the process, whether it's  
21 investigation, access issues, or remediation or whatever,  
22 let the legislature and the Governor's office know that,  
23 and then say it's an ongoing problem. I mean it's going  
24 to take us a while but we will give you that update in  
25 each subsequent report or however you want to report.

1 And that may take care of that.

2 But I do think we've got to also work off of  
3 what Mr. Eaton just said on the federal, potential for  
4 federal money. Under the existing contracts that we've  
5 done, the levee project, the leachate or leachate  
6 collection, a lot of the civil engineering process; if we  
7 can just, very similar to what you did in the cleanup  
8 graph that you gave us that said in 1995 we had six  
9 sites, we spent this much money, we cleaned up this many  
10 tires.

11 If you can just add, just real quickly, some of  
12 the highlighted projects that we have funded through this  
13 process, and that there will be a followup monitoring,  
14 because there's going to be at the leach field and at  
15 the, at the rest stop there's going to be a, an  
16 investigation as to how well that worked in another two  
17 or three years, right? Two years? Something like that,  
18 I think two years. And the same on the levee project.

19 And just include those couple projects and say  
20 these are ones we had funded based on our information  
21 that we get when we do testing, and compare it to what  
22 have had existed, we'll then be able to go out with  
23 documented results to try to promote those kinds of uses.

24 And I think that that is sort of the connecting  
25 the dots where they can see that we just didn't throw a

1 lot of money at something, you know, and that we don't  
2 have a plan. I mean I know we have a plan, we just have  
3 to make sure we kind of articulate that and show them  
4 there's some light at the end of the rainbow.

5 MS. GILDART: Are you specifically interested in  
6 civil engineering or should we include some of the other  
7 projects such as the playground mats and --

8 BOARD MEMBER JONES: Sure, I mean they funded a  
9 nice portion of some activity, I think they'd like to  
10 know how positive it's been.

11 And then just real briefly. When I look at the,  
12 when I look at the RAC study that we're doing on page 19,  
13 proposal for the, entering into an interagency agreement  
14 to fund a test section; CalTrans just bought a large, or  
15 just contracted for British Columbian rubber to do a  
16 project in the Sacramento region. I want to, you know,  
17 this is a big issue. So the contractor is using Canadian  
18 rubber instead of California rubber.

19 And I understand that we have an issue where  
20 we're going to look at that. But I'm going to propose  
21 that all of our, the, you know, use of fiber and steel be  
22 from California tires.

23 The RAC study be with California tires coming  
24 from California crumbers.

25 The civil engineering uses, local government

1 civil engineering, it's on page 23, number one, that it  
2 be California tires.

3 Playground cover material, grants should be  
4 California only tires with California crumb.

5 The same with the track and recreational  
6 surfacing.

7 The same with the product commercialization.

8 I, I've told this story a hundred times but I'll  
9 never forget being in Louisville, Kentucky and having the  
10 haulers in Utah come up to Ralph Chandler and I and thank  
11 us for providing markets for him, you know.

12 The green building. If they're going to spend  
13 money on figuring out the green building, make sure it's  
14 California tires.

15 The rubberized asphalt concrete and technology  
16 center, I have no problem with the Northern California  
17 center. I'm not so sure I'm very pleased with the L.A.  
18 center right now because we continually talk about the  
19 wet process as being proven for fifteen years, and now  
20 they're out talking about other processes that haven't  
21 been proven.

22 And one of the reasons we're subsidizing looking  
23 at the quality of the ground, the quality of  
24 infrastructure that can support rubberized asphalt was to  
25 make sure that they were successful, and yet we're using

1 state money to, to look at some things that we've, that  
2 this Board has never decided or been convinced of that  
3 are equal. And the other process doesn't use as many  
4 tires.

5           So, I mean I don't know how many times we have  
6 to hit somebody over the head with a bat to make them  
7 understand but, yeah, I mean, when that item comes  
8 forward people are going to have to convince me. Because  
9 we need to spend money to make sure that the rubberized  
10 asphalt that we are promoting is the right kind of  
11 process. And I don't care if there's three or four  
12 processes, I don't care if there's ten processes. But we  
13 know that the wet process has worked. We don't know that  
14 these other ones have worked, but yet we're promoting 'em  
15 through our set that we fund that don't use as many  
16 tires.

17           It's inconceivable to me why we wouldn't do a  
18 study to try to figure out which ones work. Let the  
19 industry play with it, let the industry adapt the way  
20 they do business based on the performance of the product,  
21 not the performance of the advertiser.

22           I think that capital improvements for California  
23 State Parks on page 25 need to be California only tires.

24           And I definitely think that the rebate study on  
25 number ten has to be done.

1                   And other than that I, to tell you the truth,  
2   I'm looking forward to the manifest system. I'm looking  
3   forward to this. I think you guys have done a great job.  
4   I think the stakeholders have done a great job in coming  
5   forward and giving their ideas.

6                   But we are faced with -- this Board, Mr. Eaton,  
7   myself, Board members, staff went to the legislature,  
8   went to the Governor, went to Cal EPA, went to the  
9   Governor to do this bill to take care of a problem in  
10   California with California tires. And we have got to  
11   take care of California tires.

12                  I don't care about British Columbia tires. I  
13   don't care about Arizona tires. And I don't care about  
14   Utah tires. And I especially don't care for somebody  
15   thanking us for providing markets for them as they  
16   displace California tires.

17                  Thanks.

18                  (APPLAUSE.)

19                  BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
20   Jones. I couldn't agree with you more. I know that a  
21   group came to visit me, and I was astounded about these  
22   British Columbia tires. So thank you for bringing that  
23   up.

24                  I had one question on the CalMAX and WRAP  
25   awards, \$20,000. What percentage is that? I mean I can

1 see the nexus for CalMAX. I, you know, the WRAP I don't  
2 understand why we're funding that out of this money. And  
3 I'm a big believer in the WRAP awards.

4 MS. GILDART: I don't know the funding for the  
5 entire program so I can't tell you what percent.

6 BOARD CHAIR MOULTON-PATTERSON: No, I meant is  
7 CalMAX, is it 10,000 for CalMAX and 10,000 for RAP?

8 MS. GILDART: Yes, that was the plan. We had  
9 funded the CalMAX program in the past in the five to  
10 \$10,000 level, so we were planning to continue that. And  
11 there was a proposal to add funding for RAP. I'm not  
12 aware of any awards made yet in the WRAP program for tire  
13 recycling.

14 BOARD CHAIR MOULTON-PATTERSON: So there is,  
15 it's just if there's an award for something related to  
16 tires, is that it?

17 MS. GILDART: I understand not. I believe that  
18 the request was to fund the program from the start for  
19 the new fiscal year.

20 BOARD CHAIR MOULTON-PATTERSON: Okay. Well I  
21 don't agree too much with that part, but that's just my  
22 opinion.

23 Any other Board members? Mr. Paparian.

24 BOARD MEMBER PAPARIAN: Yeah. Following up on  
25 Mr. Jones' comments. And that's distressing that so many

1 out of state tires are going to be used for a  
2 transportation project.

3 I know that it's been asserted at times that  
4 there are some limits about what the state can do in  
5 terms of requiring California products in the contracts  
6 that CalTrans has and so forth. I'm wondering if there's  
7 anything that we need to do to figure out what we need to  
8 do to push the limits of that so that we can make sure  
9 that we're doing everything that we possibly can in  
10 contracts and anyplace else to assure that it's the  
11 California products that are being used.

12 BOARD MEMBER EATON: There's no restrictions.  
13 In fact, we've had Buy California for a long time I, in  
14 fact I think that we had Buy California steel only, and  
15 some of the other things that the executive branch has  
16 done for years, and our current administration issued an  
17 executive order on on those kinds of things. There's no  
18 restriction.

19 The restriction is that you can't prohibit  
20 certain tires from coming in to be dumped here in  
21 interstate foreign commerce.

22 But we can require, we can say California only  
23 in terms of what we have, and that's what other states  
24 have done as a matter of fact. It's when you cross state  
25 lines about trying to affect trade and commerce that,

1     that the commerce clause comes into effect.

2                 That's one of the reasons what we had with  
3     regard to out of state tires from Utah where we wanted to  
4     set a higher price and stuff like that, then it becomes  
5     anti-competitive.

6                 But in terms of California first, that's a  
7     pretty common idea and pretty common to do.

8                 BOARD MEMBER PAPARIAN: Have we talked to  
9     CalTrans about putting such a requirement in their  
10    contracts?

11                MS. GILDART: Not that. We have in the past  
12    when we are funding projects, either through grants or  
13    contracts, require California rubber in anything that  
14    receives Board funding. That's something we can  
15    certainly expand as Mr. Jones had proposed.

16                I suppose there's two ways to approach  
17    CalTrans. One is the voluntary approach in asking them  
18    to incorporate that into their specifications when they  
19    bid a job. The other might need to be statutory or  
20    mandatory.

21                BOARD MEMBER MEDINA: Madam Chair, if I may  
22    address this?

23                BOARD CHAIR MOULTON-PATTERSON: Mr. Medina.

24                BOARD MEMBER MEDINA: First let me say that as  
25    director at CalTrans I very much supported the use of

1 rubberized asphalt, and in fact met with industry to make  
2 certain that their standards and the standards that  
3 CalTrans required, you know, were the same standards in  
4 order to facilitate these rubberized asphalt.

5 Also encourages a greater use of crumb rubbers  
6 for civil engineering projects.

7 We ran into a similar situation in regard to the  
8 construction of bridges and the use of California steel.  
9 And having gone through this drill before, I know that as  
10 Board Member Eaton pointed out, there are a number of  
11 commerce clause situations that you have to look at,  
12 however the, in the cases involving the use of California  
13 steel for the building.

14 For example, the new span on the San Francisco  
15 Oakland Bay bridge, the Carquinez bridge, the Martinez  
16 Benicia bridge, that one was a, an issue of supply. Did  
17 we have adequate supply for steel? And truthfully,  
18 because our steel industry had not kept up in California,  
19 we did not have an adequate supply of steel. And  
20 CalTrans had to go outside the state for an adequate  
21 supply of steel, certain types of steel. Other types of  
22 steel could be used in the bridge and, in fact, the  
23 legislature did pass some language so that certain  
24 preference for certain uses could be given to California  
25 steel.

1           In this case, in regards to the use of crumb  
2    rubber, California has more than an adequate supply of  
3    crumb rubber, so I'm certain that whether it's  
4    statutorily, and certainly discussions can be held  
5    directly with CalTrans, they're very sensitive on this  
6    subject, a preference could be given for the use of  
7    California crumb rubber. And that's something that, you  
8    know, we as a Board should certainly have those  
9    discussions with CalTrans. And we should certainly  
10   promote that statutorily if that's what's required.

11           But I think that is, our objective here is,  
12   number one, to promote and encourage greater use of crumb  
13   rubber for civil engineering and other projects, and also  
14   to give a preference to California tires.

15           BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
16   Medina. Excuse me.

17           Mr. Paparian.

18           BOARD MEMBER PAPARIAN: Thank you. Yeah, and I  
19   think there's enough of the sense of the Board here on  
20   this item that hopefully the staff, the staff in  
21   conjunction with some Board members can make the approach  
22   to CalTrans and work with us to strategize on how to make  
23   it happen over there.

24           MR. LEARY: I'd like to suggest maybe in  
25   response to that, if we can make kind of front and center

1 part of this five year plan, maybe in part of the program  
2 goals and objectives, that we build in this whole idea of  
3 a strong emphasis if not a requirement as part of the  
4 expenditure of this money be placed on the use of  
5 California tires and California crumb rubber.

6 And we'll work with that and look how we can  
7 place that appropriately so that it gets immediate  
8 attention in any reviewer of this document that that is  
9 our priority, the Board's priority.

10 BOARD MEMBER PAPARIAN: Great. One other item I  
11 wanted to mention. I've been having discussions with the  
12 staff, and I also brought this up at the workshop we had  
13 recently.

14 I would like to see us have some discussions  
15 with the University of California to see if we can work  
16 with them to develop some in-California expertise so that  
17 we don't have to rely on the people in Maine and  
18 elsewhere on some of the technical evaluations and  
19 verifications and analysis and research that needs to be  
20 done in this area.

21 I know that recently we met with some folks who  
22 had a very interesting technology, which if it played out  
23 sounded great, but I don't know how to analyze it. And  
24 it all involves very technical chemical characteristics  
25 and so forth, that I think if we had university expertise

1 that we could rely on it would be helpful.

2 BOARD CHAIR MOULTON-PATTERSON: I agree, Mr.  
3 Paparian. Can we look into that? Thank you.

4 I think we'll go to the public comments now.  
5 Our first speaker is Terry Leveille.

6 MR. LEVEILLE: Madam Chair, Board members, Terry  
7 Leveille here representing the six established California  
8 crumb rubber processors.

9 Board members, I appreciate your comments on  
10 behalf of the crumb rubber processors. It seems that you  
11 all are pretty aware of the problem that's going on. The  
12 problem isn't markets, because the markets are there.  
13 CalTrans has increased its use of asphalt rubber  
14 significantly over the last few years, in part thanks to  
15 Board Member Medina and his efforts. In part because the  
16 Board has pushed the grant program for playground covers  
17 and running tracks and the like, and required in those  
18 grant programs California tire rubber. The markets are  
19 there and they are expanding. And your programs have  
20 been very helpful.

21 But, and this is a big but, we are hitting a new  
22 phase with out of state and out of country crumb rubber.  
23 Just simply put, looking at the tip fees in California, a  
24 California crumb rubber facility based in the heart of  
25 Los Angeles where the tires are, can expect to get 30 to

1     \$35 a ton for the tires delivered there.

2             In Arizona just across the border, the largest  
3     company in the world, the largest crumb rubber  
4     manufacturer in the world can get on the average of about  
5     \$81 a ton.

6             In Utah they can get \$75 a ton.

7             And in British Columbia, of course, they can get  
8     1.34 a ton, plus get paid for the steel that is the  
9     by-product of the processing.

10            Now, given transportation costs, all three  
11    states, all three providers from all three states can  
12    provide product to California markets cheaper than  
13    California producers can make it.

14            And Board Member Jones pointed to this most  
15    recent occurrence of the 1.2 million pounds of British  
16    Columbian crumb rubber coming down for a Sacramento, near  
17    Sacramento project, CalTrans project that's going to be  
18    run by Granite Construction, it's contracted out to  
19    Granite Construction, 1.2 million pounds.

20            That was bid on by several of the California  
21    based crumb rubber facilities and was undercut by Western  
22    Rubber Processors or Western Rubber Products, which now  
23    has a warehouse or will soon have a warehouse down in  
24    Southern California to import Canadian crumb.

25            We propose a rebate program. And we are

1 proposing a rebate program this year because we think  
2 that the study is, as admirable as it is, looking into a  
3 rebate program is just going to take too long to assist  
4 the companies. We are six companies, and this time next  
5 year there may not be six companies. These are marginal  
6 companies. Some of 'em are making it, some of 'em are  
7 just below making it. And we're very concerned that even  
8 given your aggressive endorsement of preferences for  
9 California crumb in the variety of projects, that it  
10 still is not going to be enough.

11 And we proposed a rebate program totalling \$5  
12 million a year that we think we can adequately extract  
13 from the tire fund budget. I produced a sample of some  
14 ideas of where we think that there might be some fat in  
15 this budget this coming year.

16 But there's also some other monies that are  
17 available that we haven't talked about, and if there's  
18 some concern on the part of those members that I may have  
19 hoarded a couple of boxes when I proposed this or that  
20 from various sectors of the tire fund budget, I'm more  
21 than willing to talk about it.

22 But basically we really are hurting. We've got  
23 a couple of members here that will be able to speak today  
24 to you and can give you a firsthand look at what they're  
25 facing.

1           And we ask for your support. You've each  
2   received a letter outlining the proposal. It's a very  
3   simple proposal that would be based on a rebate program  
4   per pound of crumb sold based on the percentage of  
5   California process waste tires that they used.

6           If there's any questions I'd be certainly happy,  
7   or comments I'd be certainly happy to take 'em. Or if  
8   you'd like to hear from a couple of the members of the  
9   crumb rubber facilities that we're dealing with, I'd be  
10  more than happy to introduce 'em to you.

11           BOARD CHAIR MOULTON-PATTERSON: Thank you.

12           BOARD MEMBER EATON: I have a question, Mr.  
13  Leveille. With regard to Arizona you mentioned 81 versus  
14  35, correct?

15           MR. LEVEILLE: This is a ballpark figure.

16           BOARD MEMBER EATON: Ballpark. But let's just  
17  say there's roughly a \$50 differential for purposes of  
18  argument.

19           How much of that is subsidy rebate versus the  
20  fact that the State of Arizona has a policy as far as the  
21  rubberized asphalt, and in fact that the market for us  
22  actually make demand expensive? And I'm just asking from  
23  a standpoint, or is it a combination?

24           MR. LEVEILLE: Well from what I understand, the  
25  Arizona program, which requires upon purchase of a tire,

1 two percent up to \$2 per tire, they work a little bit  
2 differently than ours, each county has their own  
3 collection point for tires. Maricopa County has an  
4 agreement with thirteen other counties and they collect.  
5 And then there's a bidding process done for those tires.

6 The latest, and we've got somebody here from the  
7 rubber pavements association that can give you a few more  
8 details on this. But the last bid was, I believe it was  
9 around \$40 a ton for the tip fee, and about \$41 for the  
10 hauling from the facility to, from the collection point  
11 to the rubber, crumb rubber processing facility.

12 BOARD MEMBER EATON: But you understand my  
13 question? My question, what I'm trying to get at is what  
14 is the mechanism that drives the price up? Is it  
15 something that the government --

16 MR. LEVEILLE: Yes.

17 BOARD MEMBER EATON: -- does, or is it because  
18 the government of Arizona increases the price and because  
19 their state policy is that no highways within the state  
20 shall be laid down without it being rubberized asphalt,  
21 because that's a different kind of market for us there.  
22 One is a straight subsidy --

23 MR. LEVEILLE: Right.

24 BOARD MEMBER EATON: -- and the other one is one  
25 that says we have a state policy and we're going to make

1     sure that we fund that until the state policy gets  
2     implemented. That's what I'm trying to find out.

3             MR. LEVEILLE: I think it's a combination of  
4     both. And there is a significant amount of crumb rubber  
5     that makes it down, primarily into the San Diego area.

6             The regional directors in CalTrans have, from  
7     what I understand have made, have contracted a number of  
8     projects that use the Arizona crumb down in the San Diego  
9     area.

10            BOARD CHAIR MOULTON-PATTERSON: Mr. Leveille, I  
11     have a number of speaker slips. Was there someone from  
12     your, that you -- I don't know who's with your  
13     organization -- anyone in particular you want to speak?  
14     Well let's see, Barry Takallou.

15            BOARD CHAIR MOULTON-PATTERSON: Yes, he's here,  
16     we'll call him next.

17            MR. LEVEILLE: And is there a Brian Cardiff  
18     listed?

19            BOARD CHAIR MOULTON-PATTERSON: No. I have a  
20     Dr. Barry Takallou, is he here?

21            MR. LEVEILLE: Uh-huh. And Bob Winters who  
22     sort of coordinated the group, he was not feeling well  
23     today and he didn't make the flight out.

24            BOARD CHAIR MOULTON-PATTERSON: Okay. Thank  
25     you. We'll take Dr. Takallou next.

1           Senator Roberti, did you have any ex partes to  
2 declare before we go on?

3           BOARD MEMBER ROBERTI: No, thank you.

4           BOARD CHAIR MOULTON-PATTERSON: Thank you.

5           MR. TAKALLOU: Thank you, Madam Chairman. As  
6 Mr. Terry Leveille mentioned, and we met with each of you  
7 a couple of weeks ago, the situation with crumb rubber  
8 coming from out of the state and other countries is a  
9 serious matter for us, and the situation is in front of  
10 you.

11           There are six rubber producers that are asking  
12 for help. Now this help could be in the form of rebates  
13 or in the form of mandating California rubber, whatever,  
14 we need that help.

15           So I'm not going to take up the Board time  
16 anymore of that, you know the situation and, but I'm  
17 going to mention in front of you for other items.

18           Page 19, item number four, use of fiber and the  
19 steel from crumb rubber manufacturing. When we recycle  
20 tires, the tires, we produce three items; crumb rubber,  
21 steel, and fiber.

22           Thirty percent of every tire we recycle you're  
23 going to have the steel and fiber. We recycle about  
24 three million tires a year. That means still one million  
25 of these tires is still going back to the landfill

1 because we cannot find market for steel and fiber.

2 And I appreciate that the staff put some funds,  
3 some research funds to find markets for these two  
4 products, which is 30 percent of the tire recycling  
5 business. But I think that a hundred thousand dollars  
6 level of funding is not enough to look into this  
7 magnitude of the problem. Not only is it costing us as a  
8 rubber recycler to landfill this, it is actually going  
9 back to the landfill.

10 I would propose to separate the item for fiber  
11 and the steel research as two separate research, and I  
12 would recommend, propose at least \$250,000 each item  
13 research funding to get down to something, we can really  
14 get something with it. \$You know, 50,000 on each of  
15 these, when it is 30 percent of all the tire recycling  
16 business, is not enough in comparison to all of this  
17 enforcement money we putting in.

18 So my recommendation is, if you can, increase  
19 the funding for these two products which is 30 percent.

20 Any comments on that?

21 BOARD CHAIR MOULTON-PATTERSON: I see none.

22 MR. TAKALLOU: Since we are on the same page,  
23 item number six, RAC study. I have been involved with  
24 research in rubberized asphalt since 1989. As a matter  
25 of fact, I started with the federal highway division in

1 1984 when I started doing my Ph.D., getting my Ph.D. in  
2 rubberized asphalt.

3           There has been quite a bit of research studies  
4 been done for different systems. I think it's a  
5 wonderful idea to look into, to compare these systems  
6 within different systems. But paying CalTrans just to  
7 construct a road that doesn't really, I don't think is a  
8 good way of expending the money for comparison of these  
9 roads.

10           CalTrans, for instance, they put 25,000 tons or  
11 11 miles of road on Pacific Coast Highway near Seal Beach  
12 on the dry system. CalTrans, they also put on the same  
13 stretch 10 more. So the existing projects, and between  
14 there is a wet system.

15           My suggestion is instead of paying for  
16 constructing the road, to spend that money focusing on  
17 the research, that \$600,000. Perhaps, as Mr. Paparian  
18 mentioned, universal California would be a good place to  
19 manage research like this. That's, you know, CalTrans  
20 right now has over a billion dollars of construction  
21 money and they cannot put it out because they don't even  
22 have the staff to put out their own project. So giving  
23 \$600,000 for those sections is not a, you know, I think  
24 the money should be spent on just the research part of  
25 it.

1                   And there are other agencies like Orange County  
2   that, right now as we're speaking, is, they are putting  
3   different test sections out there themselves. So there  
4   are test sections out there we can extract sections and  
5   research funds.

6                   Any comments on that item?

7                   BOARD CHAIR MOULTON-PATTERSON: Thank you. Are  
8   the tests in Orange County through the OCTA?

9                   MR. TAKALLOU: Yes, Orange County. And it was  
10   actually paved, last week we ordered the crumb rubber  
11   supplies to all the three systems; to put in the wet  
12   system, the dry system, and terminal blend on Santa  
13   Canyon Road side by side. And these are huge projects,  
14   so.

15                  And the last comment I have on item number five,  
16   recycle RAC. Prior to becoming a crumb rubber producer,  
17   I used to be a researcher in rubberized asphalt area.  
18   And we worked on a five year research program for  
19   Ontario\* of the environment in conjunction with the  
20   Ontario Municipal Transport.

21                  And this, the recyclability of rubberized  
22   asphalt, they put \$2 million into it, and it was, in the  
23   details it was done already. And as a result they got  
24   two foot of material.

25                  I think it's a wonderful idea to put money in

1     this research, but it's always good to go back and see  
2     what work was done.

3             As the results of that research there was an  
4     executive report that was submitted to the Congress of  
5     the United States of America, and some of that research  
6     it showed there is no problem to recycle asphalt rubber.  
7     This is already done, the report is already presented in  
8     Congress. And this report also five years ago gave a  
9     hundred thousand dollars to grant to a company called  
10    Cycling in conjunction with the City of Los Angeles to  
11    look into this subject five years ago.

12            So these are, some of these were done, and I  
13    like, if you are spending the money, to try to get the  
14    results of these evaluations that was done in the past  
15    and then go from now.

16            BOARD CHAIR MOULTON-PATTERSON: Thank you. Mr.  
17    Jones has a question.

18            BOARD MEMBER JONES: Thanks, Madam Chair. So we  
19    can get that information maybe from Ontario? I mean  
20    that's available?

21            MR. TAKALLOU: I have it.

22            BOARD MEMBER JONES: You have it?

23            MR. TAKALLOU: I was the project manager for it,  
24    and I offered it to L.A. County -- actually I offered to  
25    come and take my library away from me, I have it, I have

1 too many papers.

2 BOARD MEMBER JONES: Maybe there's something  
3 there. One other thing just for the Board members to  
4 know. The Rubberized Asphalt Paving Association, I think  
5 that's the right name? Is that it? Rubberized asphalt?  
6 Okay -- has two or three engineers I think that they've  
7 started paying to work on or they were going to work on  
8 looking at terminal blends, dry process, wet process,  
9 where it really makes sense so that they could have the  
10 science behind moving their businesses forward.

11 Maybe we ought to think about the idea of  
12 finding out exactly what that is and what they're trying  
13 to do and looking at the 600,000. I mean if they've laid  
14 down that much material down Seal Beach dry, there's  
15 plenty of wet, maybe we can get that comparison for a lot  
16 less money than six hundred grand, and maybe take some of  
17 this money and look at co-funding or looking at whatever  
18 their project is to see if we can get real scientific  
19 data on what makes sense.

20 Because in meeting with them they said if they  
21 have to change the way they do business then they would  
22 do that, but that the only thing that had been proven  
23 that they felt comfortable with was the wet process. The  
24 others had potential, but that they didn't have the  
25 longevity. So they wanted to deal with it from a

1 scientific and an engineering background.

2 And I met with two of these people, and it was,  
3 it pretty much sounded like, to me, that it was going to  
4 be the cards are going to fall where they fall based on  
5 science.

6 That may be good for us since we are the ones  
7 that are always promoting rubberized asphalt and, and,  
8 you know, I'm a firm believer in the wet process only  
9 because it's the one that has the time behind it, that's  
10 proven, and it uses more tires.

11 So I throw that out since Mr. or since Dr.  
12 Takallou brought it up, and maybe there's some  
13 opportunity there we can look at it different.

14 BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
15 Jones, that sounds good.

16 MR. TAKALLOU: Madam Chair, I think the level of  
17 funding for comparison of technologies, in my opinion as  
18 a researcher, you should not lower the level of funding.  
19 My comment was don't pay for construction, pay for  
20 research of this.

21 BOARD MEMBER JONES: And that's what I was  
22 saying.

23 MR. TAKALLOU: And just doing that, you know,  
24 there is plenty of road out there. And CalTrans, maybe  
25 they're excellent on so many other areas, but we have a

1 wonderful university in the University of California,  
2 it's a worldwide center for asphalt, anybody that would  
3 want to do research they come to the University of  
4 California. But we got the father of asphalt which is  
5 Professor Carmanas sitting there. I mean we've got the  
6 best facilities. And, you know, I'm not trying to market  
7 for Universal California, just rubber producers, but I'm  
8 saying this is, we have all these tools here, and let's  
9 put the money in the hands of the researchers rather than  
10 the agencies who say what am I going to do with the  
11 money.

12 BOARD CHAIR MOULTON-PATTERSON: I think we have  
13 agreement on the Board.

14 MR. TAKALLOU: Thank you.

15 MS. GILDART: Madam Chair, could I just comment  
16 on that to clarify a point? The recycled study, the  
17 study to recycle asphalt is to look at the emissions  
18 generated. The normal process is that the old asphalt is  
19 dug up, reground, reheated, reintroduced to the heated  
20 asphalt plant to be laid again.

21 What happens there, and we've had many reports,  
22 are that if the rubberized asphalt is heated at a higher  
23 temperature than recommended, workers can become ill,  
24 potential exposure to the residents in the neighborhood  
25 can occur. We have seen some studies where they feel

1 this is easily controlled.

2 Our thought was that we could reassure the  
3 California public by having a study done in California  
4 using our emissions testing techniques, and showing then  
5 that it meets whatever limits have been set by the  
6 California air district.

7 BOARD CHAIR MOULTON-PATTERSON: Okay. Thank  
8 you for clarifying that.

9 Thank you, Dr. Takallou.

10 MR. TAKALLOU: I have a handout for the Board  
11 members. This is an Arizona Department of Transportation  
12 specifications which requires crumb rubber in Arizona  
13 from the United States.

14 BOARD CHAIR MOULTON-PATTERSON: Thank you. If  
15 you'd just give it to Ms. McKee then she'll make sure we  
16 get it.

17 BOARD CHAIR MOULTON-PATTERSON: Okay. Michael  
18 Harrington from Western Rubber Processors.

19 MR. HARRINGTON: Madam Chair, I'm Michael  
20 Harrington with Western Rubber Processors.

21 There are two separate crumb rubber issues that  
22 need to be clarified. The first is the impact on the  
23 California tire recycling market presented with the  
24 continuation of rubber produced in British Columbia  
25 coming into California.

1           The suggestion by the California crumb rubber  
2   producers that the tire recyclers in British Columbia  
3   have a massive subsidy program that leaves the California  
4   producer not playing on a level playing field is in  
5   error.

6           It is understandable that there have been some  
7   incorrect assumptions made by those that do not have  
8   knowledge of the British Columbia tire recycling program  
9   works on a day to day basis. There are some very, very  
10   important facts about the first program in British  
11   Columbia that need to be understood.

12           Prior to the start of the reimbursement program  
13   in British Columbia in 1991, the tipping fee charge for  
14   waste tires was 1.60 Canadian, or a dollar per tire based  
15   on U.S. funds. Today the tire recycling program collects  
16   \$3 Canadian per tire sold, of which the processor  
17   recycler may receive a maximum of 1.50 Canadian, or \$183  
18   per metric ton, 2,205 U.S. pounds for recycling the whole  
19   tire.

20           Currently no processor recycles the fabric  
21   generated in the tire recycling process, so there is a  
22   deduction from the \$1.50 Canadian per tire for not  
23   recycling the whole tire, and a cost of over \$69  
24   Canadian, per ton, incurred for sending this fiber to the  
25   landfill.

1               There is also a per ton, per kilometer  
2   transportation charge reimbursement fee paid to the tire  
3   hauler through the processor recycler for getting the  
4   tires from the generator to the recycler.

5               The tipping fee, reimbursement fee, subsidy,  
6   whatever name you want to attach to it, is only one  
7   dollar per tire U.S. funds, or roughly equal to the  
8   tipping fee charged for tire disposal in Northern  
9   California.

10              When the Canadian program was started there was  
11   a rush to cash in on the easy money afforded the  
12   program. Nine different businesses have gone broke  
13   cashing in on what they initially perceived to be this  
14   high reimbursement tire recycling program.

15              British Columbia tire processors have supplied  
16   rubber to California since 1990. Just one of the  
17   California crumb rubber suppliers purchased over eight  
18   million pounds from us last year. Another made inquiry  
19   into becoming our partner in a joint venture agreement.  
20   Currently two California tire recyclers are purchasing  
21   rubber from Canada.

22              Canadian crumb rubber coming into California at  
23   basically the same rate it has for years represents less  
24   than five percent of the total market and does not  
25   measure up to the scope of level playing field problem

1 presented to the Board.

2           However, the crumb rubber producers in the State  
3 of California needed to create a definable systemic  
4 problem that can be addressed by throwing some of the  
5 tire program money at it. They're trying to alert you to  
6 a problem that they feel is putting their livelihoods in  
7 jeopardy. They need a level playing field is the cry of  
8 the tire recycling industry.

9           However, what they're really facing is a  
10 different economic problem than the one presented, and it  
11 is potentially a disaster waiting to happen in the wings.

12           Even the producer of crumb rubber that has been  
13 in business longer than probably all of us combined is  
14 concerned about the crumb rubber market, not because of  
15 the waste tires coming into California or tires not being  
16 recycled, but because they basically process tire  
17 buffings and tire peels from both in state and out of  
18 state sources; but they face the same crumb rubber price  
19 disparity that is happening to the California recycling  
20 industry.

21           To take a whole waste tire, chop it, shred it,  
22 granulate it, and then mill it into finished product  
23 gradations, while at the same time removing fabric and  
24 steel, is a Herculean challenge facing all tire  
25 recyclers.

1           There are is no magic bullet tire recycling  
2   equipment. Some equipment may be a little more efficient  
3   at one stage of the process over another, but they all  
4   are relatively comparable and share one common  
5   requirement, large amounts of energy to run the  
6   equipment.

7           I know of one recycling company that has seen  
8   their utility bills go from an average of between twenty  
9   to \$25,000 per month to a level last month of almost  
10   \$80,000. That additional fifty to \$60,000 per month is  
11   at today's rates, and who knows what rates will be in the  
12   future.

13           Profit margins that have been slim in the past  
14   have been severely reduced or eliminated. This  
15   additional cost is beyond the control of the recycler,  
16   and its only option is to reduce operations and output or  
17   shutting down.

18           Crumb rubber is a commodity product. There is  
19   no difference between crumb rubber produced in South  
20   Carolina and Southern California. As I stated, the same  
21   basic equipment is used by all recyclers so their  
22   operating costs are approximately the same. As a  
23   commodity product, crumb rubber is extremely price  
24   sensitive. A quarter cent increase in price is the  
25   difference between supplying a project or not.

1           The success of the Southern California crumb  
2 rubber supplier has been at least partly due to the fact  
3 that their end markets are close by. With operating  
4 costs relatively the same, California's close proximity  
5 to its markets, and therefore low transportation costs,  
6 have kept the Oklahoma, Ohio, Illinois, or Pennsylvania  
7 supplier out of California markets.

8           However, this equilibrium is threatened with the  
9 recent skyrocketing engineering - energy costs. Costs  
10 have increased by three to five cents a pound, and the  
11 market will not absorb the increase. A three to five  
12 cent a pound increase in price is needed by California  
13 suppliers to maintain their solvency.

14           However, with that price increase, the national  
15 supply of crumb rubber now can be competitively,  
16 competitively transported to California markets. This is  
17 the dilemma and the real potential for an uneven playing  
18 field.

19           The California Integrated Waste Management Board  
20 has a definite role to play in the current situation. As  
21 I see it, you have four options:

22           First, you can form the committee, fund the  
23 study, report back a year or two from now on the status  
24 of the market, and hopefully one or two of the current  
25 recyclers will still be around to hear the results.

1               Second, you can try to employ protectionist  
2 policies to try to keep crumb rubber from other sources  
3 out of the state. However, as pointed out, this tends to  
4 run afoul of the Interstate Commerce Commission  
5 regulations and NAFTA. Free trade means just that, free  
6 trade.

7               Canada selling crumb rubber into the United  
8 States is no different than the United States selling  
9 rubber products into Canada. British Columbia is a large  
10 importer of California produced finished products. The  
11 oversupply of trucking from California is why we can  
12 afford to supply California, to supply crumb rubber into  
13 California at lower back haul rates.

14              Picking and choosing which products and services  
15 California wishes to include and exclude, flies in the  
16 face of the goal of free trade.

17              Third, and this is the one most preferred by the  
18 recycling industry, is to give the half a dozen tire  
19 recyclers five cents a pound rebate on the first twenty  
20 million pounds of crumb rubber produced, or a million  
21 dollars this year and every year thereafter to retain  
22 their competitive edge. With that I think you'll find  
23 the number of recyclers will increase to probably a dozen  
24 next year and maybe to sixty within five years.

25              The fourth option is for the Board to quickly

1    become the Alan Greenspan of the recycling economy, not  
2    by adjusting interest rates, but by using your regulatory  
3    powers to affect the tipping fees charged for the  
4    ecological disposal and recycling of waste tires.

5           Waste tires flow to the least costly means of  
6    disposal. Prior to 18 -- prior to 1989, stockpiling of  
7    waste tires was the most economical way to dispose of  
8    waste tires. Landfills did not want whole waste tires  
9    because they could not be compacted, and no one was  
10   willing to pay the tipping fee required to quarter the  
11   tires for disposal.

12           Once stockpiling was legislatively ended, the  
13   next cheapest means of disposal was quartering and  
14   landfilling. But now with stockpiling eliminated, a  
15   tipping fee could be charged to recover the landfill's  
16   additional costs.

17           All recyclers must compete with the cheapest  
18   means of disposal, local landfills. In Southern  
19   California the landfilling fee is between 35 and \$40 per  
20   ton, or 35 to 40 cents per tire. No one is going to pay  
21   a premium to take the tire for disposal to a recycler, so  
22   he must compete with the 35 to 40 cents per tire. If the  
23   recycler is further away from the tire generator than the  
24   landfill, the recycler must reduce his tipping fee to  
25   compensate for the additional transportation costs.

1           Tipping fees of ten and fifteen cents per PTE  
2   are not uncommon. What the Board can do through its  
3   regulatory process is to facilitate an increase in  
4   tipping fees. This could be done by requiring that  
5   landfills reduce incoming tires to a two inch chip prior  
6   to disposal. This will create an additional cost for the  
7   landfill which they will recover in higher tipping fees.  
8   Hopefully the tipping fee will reach the dollar to \$1.25  
9   level. A dollar to \$1.25 tipping fee is much more in  
10   line with the national average for waste tire disposal.  
11   It is a tipping fee that California tire recyclers need  
12   and deserve, allowing the tire recycling industry to  
13   offset the additional costs that it could not otherwise  
14   recover.

15           Additionally, this would eliminate the flow of  
16   out of state waste tires into California for disposal.

17           In conclusion, the crumb rubber industry --

18           BOARD CHAIR MOULTON-PATTERSON: Excuse me, Mr.  
19   Harrington, could you conclude, please? I think before  
20   you came in I asked that you keep your remarks to about  
21   five minutes because we have a very, very long agenda and  
22   many, many speakers, so could you conclude and then I'll  
23   call on Senator Roberti.

24           MR. HARRINGTON: The crumb rubber industry in  
25   the State of California is in trouble, not from lack of a

1 level playing field from the supply of crumb rubber from  
2 Canada, where the recycling reimbursement is roughly the  
3 same as Northern California's tipping fee, but with the  
4 dramatically increased production costs over which they  
5 have no control.

6 If the Board does not take necessary steps to  
7 support the recycling industry, there is every  
8 possibility that it could fail.

9 Thank you.

10 BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
11 Harrington. Senator Roberti.

12 BOARD MEMBER ROBERTI: Yes. Madam Chair, I  
13 agree with the speaker that we ought to increase the  
14 tipping fee because recyclers do have a problem competing  
15 with those who dispose. And unless the cost of disposing  
16 is comparable to the cost of recycling, it's going to be  
17 very hard to encourage any extended recycling.

18 However, my problem with the argument that was  
19 presented is not so much that I think we should  
20 necessarily adopt a Buy California position, because  
21 there can always be retaliation, and I don't think we're  
22 the people who make the final decision, whether the  
23 executive or the Governor's office, that that necessarily  
24 is going to be convincing with various other industries  
25 are going to say no, we were afraid of this because then

1 British Columbia will do a Buy California on us.

2 But with crumb rubber there is a distinct  
3 difference because crumb rubber in British Columbia as I  
4 understand it is subsidized. And I do think Buy  
5 California should have preference or precedence over any  
6 jurisdictions of crumb rubber where there is a  
7 subsidization. Because British Columbia wants to get rid  
8 of its crumb rubber, for obvious reasons, is no reason  
9 why we should buy it when they're subsidizing that sale  
10 or that export.

11 So I do feel strongly that in view of the  
12 subsidization there should be a Buy California  
13 preference. If we were dealing with a jurisdiction that  
14 didn't have subsidization, then I would say that probably  
15 Buy California is not going to be very convincing to  
16 opinionmakers when other industries involved might speak  
17 up and say they don't want retaliation.

18 BOARD CHAIR MOULTON-PATTERSON: Thank you,  
19 Senator.

20 MR. HARRINGTON: Madam Chair, could I respond  
21 briefly?

22 The subsidy or reimbursement is no, in British  
23 Columbia there is no tipping fee. Nobody pays to get rid  
24 of their tires, they pay on the front end. And the  
25 subsidy, if that's what it is, is no more than the

1 current tipping fee in Northern California, it's the  
2 same, one dollar per tire.

3 Thank you.

4 BOARD CHAIR MOULTON-PATTERSON: Thank you.

5 BOARD MEMBER JONES: Madam Chair, just real  
6 quick.

7 BOARD CHAIR MOULTON-PATTERSON: Mr. Jones.

8 BOARD MEMBER JONES: At our tire hearing you had  
9 said the same thing, but your boss or your partner or  
10 whoever from Canada said, in fact, that that number was  
11 wrong, that it was higher than that. So that's the  
12 second time that this Board has heard two different  
13 numbers from the same company. Although your partner's  
14 not here today or your boss or whoever, but he said, when  
15 you said a dollar a tire, he came back up and told us, in  
16 fact, it was quite a bit higher than that.

17 MR. HARRINGTON: I was the only one from my  
18 company who was there so I'm not sure who --

19 BOARD MEMBER JONES: Who was the --

20 MR. HARRINGTON: The total reimbursement was --

21 BOARD MEMBER JONES: Who was the older guy that  
22 was sitting over there and said that he was from British  
23 Columbia, he was from that parent company, and that was  
24 the tire number -- Martha, do you remember?

25 MS. GILDART: Is his name Ehrenhart?

1           MR. HARRINGTON: He's from an entirely different  
2 company and has absolutely nothing to do with this.

3           MS. GILDART: What's his whole name?

4           MR. HARRINGTON: He's from Southern California,  
5 I'm not sure who it is even.

6           MR. GILDART: I remember his first name is  
7 Ehrenfried.

8           BOARD MEMBER JONES: It seemed to me he came in  
9 and said he was from Canada.

10           Anyway, there is a fifth option. Maybe we,  
11 maybe since the energy prices are so high that this could  
12 put 'em out, maybe we ought to look at the differences  
13 and see if there's some way to subsidize the energy that  
14 they need to make California tires instead of subsidizing  
15 -- I don't know, I just throw it out there. Maybe that's  
16 a way that we could --

17           MR. HARRINGTON: I agree, Mr. Jones, the  
18 industry is in trouble, and it does need help in Southern  
19 California, and it's a matter of, you know, which  
20 mechanism you want to do to support it.

21           The five percent of market share that is coming  
22 in from British Columbia is not going to make any  
23 difference one way or another. All of the crumb rubber  
24 manufacturers in Southern California expect to sell all  
25 of their crumb rubber this year anyway. The problem is

1 long term, what are they going to do with additional  
2 costs over which they have no control?

3 BOARD MEMBER ROBERTI: If it didn't make a  
4 difference, then why do you go all the way to British  
5 Columbia to buy the crumb rubber?

6 MR. HARRINGTON: The crumb rubber is on a  
7 competitive price difference, I think I --

8 BOARD MEMBER ROBERTI: In California right now  
9 we pay, with the passage or recent legislation we pay on  
10 the front end too.

11 MR. HARRINGTON: On the particular project  
12 you're talking about that caused this, we won that by a  
13 quarter cent on one of the, one of the components. I  
14 mean we're --

15 BOARD MEMBER ROBERTI: Well of course that's a  
16 lot of money, though, when you compound that by a lot of  
17 tires.

18 MR. HARRINGTON: Well that's also just one  
19 project. As Dr. Takallou just said, he just supplied  
20 three of them locally in Orange County.

21 BOARD MEMBER ROBERTI: I appreciate where you're  
22 coming from. Your concern has to be the bottom line of  
23 your business, and I'm not faulting you for that. But we  
24 have to get rid of waste tires and we try to do it on a  
25 level playing field.

1                   We charge at the front end and we charge a  
2   tipping fee for environmental purposes. British Columbia  
3   does not. That puts our crumb rubber companies at a  
4   disadvantage. So this is not protectionism or Buy  
5   California, it's just saying level playing field.

6                   MR. HARRINGTON: And I agree with you. We  
7   have --

8                   BOARD MEMBER ROBERTI: We have an objective that  
9   you don't have to address it, and I'm not faulting you  
10   for not addressing it, we have to get rid of waste tires  
11   in California.

12                  MR. HARRINGTON: Absolutely. And if Southern  
13   California had the Northern California tipping fees, we  
14   wouldn't be discussing this problem.

15                  BOARD CHAIR MOULTON-PATTERSON: Mr., I'm not  
16   sure if it was Mr. Denton Hoeh. Maybe I'm mispronouncing  
17   the name. That's H-O-E-L-L.

18                  MR. HOEH: Excuse me, that's H-O-E-H, and it's  
19   pronounced "Hoy," but thank you.

20                  And I'm from Stanislaus County, Department of  
21   Environmental Resources.

22                  And we just wanted to again express our  
23   appreciation to staff and express our support of long  
24   term remediation projects in making sure that there is  
25   adequate funds for complete cleanup on projects such as

1 the Westley tire fire and other related type projects.

2 So thank you.

3 BOARD CHAIR MOULTON-PATTERSON: Thank you.

4 George Larson.

5 MR. LARSON: Is Mr. Larson here?

6 BOARD MEMBER EATON: I think he has the

7 Christine Lahti excuse.

8 BOARD CHAIR MOULTON-PATTERSON: Okay.

9 BOARD MEMBER EATON: For those of you who know.

10 Or what was the other actress that just won in the Golden

11 Globes?

12 BOARD CHAIR MOULTON-PATTERSON: In the

13 restroom?

14 BOARD MEMBER EATON: Yeah.

15 BOARD CHAIR MOULTON-PATTERSON: Okay. Okay.

16 Well, sorry. We're going to be taking a restroom break

17 ourself here.

18 Any other Board comments? I'd hoped to finish

19 this up before we give our court reporter a break.

20 BOARD MEMBER MEDINA: Madam Chair, I have a few

21 comments.

22 BOARD CHAIR MOULTON-PATTERSON: Mr. Medina.

23 BOARD MEMBER MEDINA: Yes. These are addressed

24 to Mr. Leary. And at our last meeting on this subject

25 regarding the five year plan, I requested that you

1 include language in the five year plan that included  
2 mention of environmental justice, Native American lands,  
3 and border issues.

4 On page fourteen under local government waste,  
5 tire cleanup program, I'm pleased to see that special  
6 consideration will be given to jurisdictions involved in  
7 Native American site remediation, and also remediation of  
8 sites involving the Mexican California border.

9 I would like to add additional language,  
10 however, of the document on page one. On page one at the  
11 end of the second paragraph I would like to insert the  
12 following language, and that's the second paragraph,  
13 last word, soil, after that new sentence. I'd like to  
14 add the following language:

15 "Many of these tires are dumped in low  
16 income and minority communities such as Native  
17 American lands or lands along the border with  
18 Mexico that otherwise may not have full access  
19 to Board programs nor full protection from these  
20 illegal dumping sites."

21 And I'll give you a copy of this language.

22 On page 11, last paragraph, first sentence  
23 after, in the first sentence after the phrase, "local  
24 partnerships," I'd like to insert, "And partnerships with  
25 Native American reservations and rancherias."

1                   On page 27 I would like to add an additional  
2   bullet under B, director recommendations from the AB 117  
3   report, I'd like to add a last bullet that reads as  
4   follows:

5                   "The Board will assess Mexican waste tire  
6           haulers to meet the legal requirements for  
7           hauling tires in California by training them to  
8           use the manifest system with securing bonding as  
9           required for haulers in the State of  
10          California."

11                  And I'd also like to reserve additional comments  
12   for inclusion at a later time, but I will get this  
13   language to you.

14                  Thank you.

15                  BOARD CHAIR MOULTON-PATTERSON: Mr. Larson.

16                  MR. LARSON: Thank you for indulging me, I  
17   apologize for being out of the room, Madam Chair,  
18   members.

19                  George Larson, I'm here today representing Lakin  
20   Tire West. Lakin Tire, as you know, is the largest waste  
21   tire hauler in the State of California and with corporate  
22   partners in the United States. Handling over eleven  
23   million tires last year, and over ninety million tires in  
24   the history of its company, and I never pass up the  
25   opportunity to say with never having placed one of those

1     tires on a pile.

2             I'm also here to represent a small upstart  
3     nascent company called Smart Tech which is involved in  
4     the conversion technology of waste tires through a  
5     catalytic process, catalytic cracking process which I  
6     want to emphasize is not pyrolysis.

7             I know the critical importance of getting this  
8     plan together, and I think staff and the Board have done  
9     an excellent job of moving this. There have been some  
10    significant changes that I think are important. I want  
11    to lend my support to the increase for product  
12    commercialization from one million to \$2 million per  
13    year, and I think that's very important because it's new  
14    technologies and new ideas that I think are going to  
15    contribute, maybe not provide the total solution, but  
16    will contribute to new answers and the diversion of more  
17    tires to higher end use and new end products.

18            Also, I want to commend the Board on, and staff  
19    on the position taken on the manifest system.

20            As I stated in the legislative process which I  
21    admit I lost miserably in when I tried to get some  
22    consideration for the cost that haulers will incur in  
23    making the manifest system work, I did get the  
24    acknowledgment from the Board, and I believe from the  
25    author of the bill, that manifesting is the critical,

1 absolute critical piece of information that the Board  
2 needs to have before any of these discussions that you're  
3 having about future use alternatives and enforcement  
4 should be undertaken. We've never had that accurate  
5 figure, and I think it's critical.

6 I see the Board is kind of jumpstarting its own  
7 budget with a million dollars to help develop, I hope,  
8 the software and maybe the hardware process, and there  
9 will be funding in the amount of approximately \$2 million  
10 for the five years of the program.

11 I'm here to ardently advocate that for the funds  
12 that are available for the hauling community out there,  
13 that there be money available for the development and  
14 purchase of hardware and software that's compatible with  
15 the state's computer base. Lakin Tire plans to be  
16 totally computer based over the course of the  
17 implementation of this law.

18 On the civil engineering front, that is another  
19 area that we strongly support. I'd like to see more, at  
20 least the funding that's allocated go towards new  
21 development for under market research, and under the  
22 research, market development under research.

23 Energy production also I think is a viable  
24 alternative that we also support as we find new homes for  
25 our tires at Lakin Tire that do produce energy.

1                   I have a couple of overall priorities. Mr.  
2 Jones says he likes the wet process for production of  
3 rubberized asphalt concrete, and the reason he likes it  
4 he says it uses more tires. I think there ought to be a  
5 fundamental underlying principle here as you evaluate  
6 various purposes and proposals for which you would grant  
7 money, that there be a direct correlation between the  
8 amount of money that's allocated to a specific purpose  
9 and the number of tires that that project or purpose is  
10 able to divert from existing end uses.

11                  I would also like to encourage, and it's not  
12 clear in the report today that funding be available on a  
13 multi-year basis. What I mean by that is in order for,  
14 under good business practices, let's call it, for new  
15 companies or for existing companies to incorporate  
16 positive changes that the Board wants to see occur, we  
17 need time.

18                  And rather than making a one year deal where you  
19 have to run to the race line and then get in under the  
20 deadline and then demonstrate you can, if you will, spend  
21 all that money in a certain period of time or, if you  
22 will, fail the project that we be able to make a business  
23 plan.

24                  It really does not impact the ability of the  
25 Board to allocate monies over years, because instead of

1 giving out 500,000 one year under a grant, a hundred  
2 thousand over five years allows 400,000 in that initial  
3 year to evaluate other projects. It also affords the  
4 ability to measure the success of projects in achieving  
5 milestones along the way. If they haven't reached  
6 milestone X determined at year two or year three, then  
7 it's indicative that the Board should not allocate the  
8 balance of the money that was originally allocated, and  
9 you can redirect that; rather than put the money all up  
10 front and crossing your fingers that it works.

11 Last comment really isn't on the five year plan,  
12 but I wanted to comment on interstate commerce and the  
13 importation of tires. As you know well and our records  
14 that we report to the Board indicate, Lakin Tire imports  
15 about a million and a half tires into California from all  
16 states outside California. The, all of the tires that  
17 come from Utah, every single tire goes to the California  
18 Portland cement plant. And in addition, out of the total  
19 1.5 million that are imported, we export a total of 1.7  
20 million out of California. So we are, in effect, are a  
21 net exporter, not a net importer of tires.

22 BOARD MEMBER PAPARIAN: Our latest tire report  
23 was that we were a net importer on the latest report.

24 MR. LARSON: I'm talking about Lakin Tire as a  
25 company.

1 BOARD MEMBER PAPARIAN: Oh, you're Lakin Tire,  
2 okay.

3 MR. LARSON: Lakin Tire is a net importer.

4 BOARD MEMBER PAPARIAN: As I recall, I think  
5 that California is an importer, as I recall, of about two  
6 million tires.

7 MS. GILDART: That's the 1999 data. And you're  
8 correct, there were more tires brought into the state  
9 than left the state. There may have been a shift in this  
10 year if Mr. Larson is referring to more recent data.

11 MR. LARSON: I just spoke with Mr. Randy Roth,  
12 Vice President of Lakin Tire this morning just to confirm  
13 numbers, and he said in the forms that he has just filled  
14 out in forms that are being submitted to the Waste Board,  
15 it will indicate the total number of tires imported as  
16 1.5 million. And again, all of the ones from Utah go to  
17 higher end use at the Portland cement kiln as alternative  
18 fuel, and we have a net export of 1.7 million tires.

19 The point being, in addition to numbers as I  
20 think the Board's concern on a policy level, and in  
21 addition to California based --

22 BOARD MEMBER ROBERTI: Madam Chair.

23 BOARD CHAIR MOULTON-PATTERSON: Senator Roberti.

24 BOARD MEMBER ROBERTI: What makes the Utah tires  
25 cheaper than the California tires.

1               MR. LARSON: I think I know where you're going  
2 with it, but I'm not sure what you mean by the word  
3 cheaper.

4               BOARD MEMBER ROBERTI: Well you wouldn't import  
5 the tire from Utah considering the transportation cost  
6 unless, that considered, it's still cheaper to bring in a  
7 tire from Utah.

8               MR. LARSON: There are two things --

9               BOARD MEMBER ROBERTI: I'm wondering why is it  
10 cheaper?

11              MR. LARSON: Two reasons. One is, as we sell  
12 reused tires, which is a major portion of our business,  
13 we sell reused tires in Utah. As our trucks deliver  
14 tires through commercial carriers to Utah, we bring an  
15 empty truck back. It makes sense, and plugging into the  
16 second reason is that the state of Utah has a program  
17 that encourages, through the grant of bonus, to take a  
18 tire to a higher end use, and they define recycling as  
19 use in a waste, in a cement factory as an alternative  
20 fuel, to take that tire back and utilize it.

21              That's economics. It's a decision that the  
22 company would have to make if it has an empty truck  
23 coming back and has an end use for --

24              BOARD MEMBER ROBERTI: So they, they defined the  
25 use of the tire as a higher end use. What's an aspect of

1     that redefinition, a subsidy of any sort?

2                 MR. LARSON: Well I'm not an expert in Utah law,  
3     but obviously if they create a financial incentive for us  
4     to take it to a --

5                 BOARD MEMBER ROBERTI: I understand, and I'm not  
6     complaining, I'm not complaining about a company taking  
7     advantage of financial incentives.

8                 MR. LARSON: Uh-huh.

9                 BOARD MEMBER ROBERTI: I am complaining about  
10    our own, our own system which beautiful California is  
11    taking in waste tires and not even getting anything for  
12    it. Yeah, so --

13                MR. LARSON: I'll take --

14                MS. GILDART: Madam Chair. I have a little  
15    information that might help the member. My understanding  
16    is Utah has a hierarchy of reuse and pays accordingly. I  
17    think it's \$75 a ton or 75 cents a tire if it goes to a  
18    recycling end use, and \$65 a ton or 65 cents a tire if it  
19    goes to energy recovery. And that would definitely  
20    offset some of the transportation costs to bring it to  
21    Southern California.

22                BOARD MEMBER ROBERTI: That then, Madam Chair,  
23    gets to a point I was trying to make earlier, and that is  
24    I don't necessarily support a straight out Buy  
25    California, because we don't have any of the

1 documentation, nor are we in a position to be able to  
2 figure out what retaliatory moves are going to happen,  
3 therefore, I don't know if our passing a resolution like  
4 that would impress anybody.

5 But where we are saying that Buy California  
6 should take precedence over a subsidy, those  
7 jurisdictions that subsidize, I tend to think that might  
8 catch the opinion, the decisionmakers attention, whether  
9 it's in the legislature or in the Governor's office.

10 And so, you know, now we have two, we've got  
11 British Columbia and we've got Utah, and I'm sure there  
12 are others out there who are cleaning up their state and  
13 their waste problem at our expense, and here we're  
14 importing the stuff. I mean that is truly incredible.

15 And I'm not complaining about the businesses  
16 that take advantage of whatever subsidies are around,  
17 that's what you're supposed to do and that protects your  
18 stockholders.

19 MR. LARSON: I think if I may, two final  
20 comments. One is obviously we are taking advantage of  
21 that. And I think I'm at little risk without having  
22 conferred with my client that if California were to enact  
23 a law to pay us 65 cents to take a tire here in  
24 California we'll take it wherever you want us to take it.  
25 The economics are just not that here. We have to do it

1 at the lowest cost we can, and we do that quite  
2 successfully.

3 So we, again back to the subject at hand, 876  
4 Five-Year Plan, we support the way it's going. Obviously  
5 we'd like to make comments along the line, but we know  
6 obviously you have to have this plan in place, and we're  
7 going to help you in any way we can to get it in final  
8 shape so that we can all move forward and make these  
9 programs work.

10 Thank you.

11 BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
12 Larson.

13 Before our break I understand Mr. Leveille  
14 needed thirty more seconds, is that correct?

15 MR. LEVEILLE: Thank you, just thirty seconds.  
16 Taking the other half, on behalf of the tire dealers,  
17 they have two items, quick items; one that Madam Chair  
18 already brought up, the WRAP awards, \$10,000. It's not a  
19 lot, but we're dealing with awards to businesses, we're  
20 not, this is an inappropriate use of the tire fund. They  
21 can probably find the money out of the integrated waste  
22 management account.

23 The second is the farm and ranch program. The  
24 word is already, or staff is already proposing beefing up  
25 the local government waste tire cleanup program to

1 complement the farm and ranch program, and our feeling is  
2 that having the tire fund fund one-third of the million  
3 dollars in that farm and ranch program is inappropriate,  
4 it should be funded solely by the integrated waste  
5 management account and the used oil account.

6 And then the corollary beefing up the waste, the  
7 local government waste tire grant program could actually  
8 enhance that program by making it more desirable for  
9 local governments to apply for these types of things.  
10 Just an alternative.

11 Thank you.

12 BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
13 Leveille. We're going to take a ten minute break. I'm  
14 sorry to interrupt the item, but we have more speakers.

15 (Thereupon there was a brief recess.)

16 BOARD CHAIR MOULTON-PATTERSON: I'd like to call  
17 the meeting back to order and ask Mr. Eaton if he has any  
18 ex-parte.

19 BOARD MEMBER EATON: None to report.

20 BOARD CHAIR MOULTON-PATTERSON: Mr. Jones.

21 BOARD MEMBER JONES: Hellos to Denise Delmatier,  
22 Larry Sweetzer, and Mark Aprea.

23 BOARD CHAIR MOULTON-PATTERSON: Mr. Medina.

24 BOARD MEMBER MEDINA: None to report.

25 BOARD CHAIR MOULTON-PATTERSON: Mr. Paparian.

1               BOARD MEMBER PAPARIAN: Terry Leveille following  
2 up on the tire item.

3               BOARD CHAIR MOULTON-PATTERSON: And I have none  
4 to report.

5               Senator Roberti, do you have any ex-partes?

6               BOARD MEMBER ROBERTI: One ex parte Barry  
7 Takallou regarding NAFTA regulations on Buy California  
8 proposals.

9               BOARD CHAIR MOULTON-PATTERSON: Thank you.  
10 Okay. Rick Best is the next speaker, followed by Doug  
11 Carlson.

12              MR. BEST: Thank you, Board Chair and Board  
13 members. My name is Rick Best with Californians Against  
14 Waste. And it's a pleasure to see you all here in this  
15 new building. There we go, now you can hear me better.

16              I haven't been actively engaged in discussions  
17 in terms of the work participation, so admittedly some of  
18 my comments I certainly want to take a little bit more  
19 time over the next couple of days to kind of review the  
20 recommendations in the report.

21              But overall I think we're fairly supportive of  
22 the recommendations. We're pleased to see that the Board  
23 is expanding its range of looking at various alternative  
24 uses for tires, certainly the items in the report that  
25 call, for example, promoting the use of longer lasting

1     tires, I think a lot of those things are new areas that  
2     the Board hasn't really been actively engaged in, so  
3     we're pleased the Board is taking a more comprehensive  
4     look at the range of options.

5             But with regards to the specific  
6     recommendations. I think, number one, I think recycled  
7     asphalt concrete clearly needs to be a high priority of  
8     this Board. And I think that, you know, I'm kind of  
9     echoing some of the concerns that have been raised thus  
10    far.

11            I think we don't want to see the Board simply  
12    focus its energies specifically on just CalTrans, I think  
13    the more the Board can do to help local agencies, the  
14    local governments of this state in using recycled  
15    asphalt, I think that's an important area.

16            We're pleased to see that the Board is going to  
17    be funding a Northern California center. We think that's  
18    a good step, but I think there's more that can be done,  
19    and so we intend to try and develop some additional  
20    recommendations on how to, how the Board can help provide  
21    more support for recycled asphalt concrete.

22            With regards to, there are certainly a number of  
23    items in here that call for research and development of  
24    uses with regards to cement kilns and other tire burning  
25    aspects. And we certainly would caution that the Board

1 needs to make sure that it's adhering to the hierarchy.

2           And while we have not been as actively engaged  
3 on that issue, I can certainly assure you there are other  
4 environmental groups, the Sierra Club and others, that  
5 have been actively engaged in this and have raised a  
6 number of concerns to the Board in the past about that.  
7 So I think the Board needs to be very careful when it  
8 looks at funding these activities, research and energy  
9 recovery, that the Board is continuing to make sure that  
10 it's following hierarchy in promoting recycling  
11 alternatives first.

12           With regards to one area that I didn't really  
13 see a whole lot of discussion. I realize this report is  
14 more of a general overview, but I think there does need  
15 to be some greater emphasis in the Board's research  
16 efforts -- excuse me, public education efforts in  
17 providing funding support to local non-profit groups.

18           I think as you had raised with me in past plan  
19 meeting about how we can engage more local environmental  
20 groups in this effort, I think this is one area where I  
21 think public education is clearly an area that the local  
22 environmental folks are engaged in. I think the Board  
23 can help provide support and get those groups more  
24 engaged through the public education programs that are  
25 being discussed as part of those tire plans. So I would

1 certainly encourage you to make that a priority as the  
2 Board actually goes out and solicits proposals for doing  
3 these education efforts to make sure that you include  
4 local non-profit groups in that.

5 And the final thing that I want to raise is just  
6 more of a, kind of a definitional issue. We've raised  
7 this in previous letters to the Board on the tire  
8 process. And that's just a concern of, the Board in its  
9 language continually refers to tire recycling, but the  
10 fact is, under the definitions of the statutes, you know,  
11 tire recovery for energy, whether it's through cement  
12 kilns or tire burning efforts, is not recycling, it's  
13 transformation. And so we would ask the Board be very  
14 careful and clear when it talks about recycling that that  
15 does not include transformation. That if you are to use  
16 a more all-encompassing term, we would urge that you use  
17 the term recovery to include both tire recycling efforts  
18 and tire transformation efforts.

19 And with that, those are our comments. Thank  
20 you.

21 BOARD CHAIR MOULTON-PATTERSON: Thank you, Mr.  
22 Best.

23 Doug Carlson from Rubber Pavements Association.

24 MR. CARLSON: Madam Chair and members of the  
25 Board. Thank you for this time.

1           I just want to introduce myself. I'm Doug  
2 Carlson with the Rubber Pavements Association, we're a  
3 non-profit trade association comprised of tire recycling  
4 organizations and also asphalt paving contractors that  
5 use recycled tire rubber as a modifier to asphalt.

6           And I just want to commend the Board on their  
7 work and concern in developing markets for asphalt rubber  
8 and rubberized asphalt concrete in particular. We think  
9 the proposed items are very well thought out and are  
10 worthy of funding.

11           I had just one additional comment. In regard to  
12 the CalTrans signs, I would just ask that the Board  
13 consider expanding that particular item to include local  
14 agency, cities and counties public works departments, and  
15 the such.

16           That is all. I'm just here available to the  
17 Board. If you have any questions about asphalt rubber or  
18 rubberized asphalt concrete, I'll be glad to answer  
19 those.

20           BOARD CHAIR MOULTON-PATTERSON: Thank you.  
21 Could we include that to local agencies? I know like  
22 OCTA is very active.

23           Thank you for bringing that up. Okay. Any  
24 final comments from Board members? Questions?

25           BOARD MEMBER JONES: Just a question of the

1 Board. We went through a whole lot of issues when I,  
2 when it was my turn, and a lot of people were nodding  
3 their head that it made sense to include, especially when  
4 it's our, especially when it's our funding that's going  
5 to a project. I know that most of our funding already  
6 says California tires, but I think that that's critical,  
7 that when we're going to fund a grant program they're  
8 going to use California tires.

9 I think that the other thing I wanted to get  
10 some, maybe not discussion but just see how you feel, on  
11 that RAC study that we had talked about on page 19 where  
12 the original suggestion was maybe funding some more test  
13 road, and we've already heard in testimony that there is  
14 a huge section that's done with the dry process, and a  
15 lot of sections with the wet; would Board members be  
16 interested in at least exploring the idea of working  
17 through Don Carlson and those folks, Mr. Carlson, and  
18 looking at -- they've got two folks, I don't remember  
19 their names, but they are, they are teachers of  
20 engineering that wanted, you know, that basically said if  
21 the dry process is the right way to go, or another way of  
22 modifying is the right way to go, then we need to know  
23 that scientifically, rather than always promoting the wet  
24 process because we have 25 years of experience on that.

25 Could we write that section to maybe include

1    either working with CalTrans or working with, you know, I  
2    know that the UC centers are, they're pretty high on  
3    their admin, I think 35 percent, but work it with  
4    different agencies, you know, or this association to see  
5    if there is the possibility of funding that kind of  
6    research so that we can give the industry and folks some  
7    answers that are concrete, that are --

8               BOARD MEMBER PAPARIAN: That are rubberized.

9               BOARD MEMBER JONES: -- that are in, that are  
10   in, based on some scientific review instead of anecdotal?

11              BOARD CHAIR MOULTON-PATTERSON: I think you have  
12   consensus from the Board unless I hear otherwise.

13              BOARD MEMBER PAPARIAN: I think the goal is to  
14   get the answers.

15              BOARD MEMBER JONES: Right.

16              BOARD MEMBER PAPARIAN: And you may need to lay  
17   down some test roads to, you know, in certain conditions  
18   to get the answers that you need, but I think rewriting  
19   it so that what we're doing is getting the answers, and  
20   whether that means laying down some road with CalTrans or  
21   working with some of the university professors or doing  
22   something in between.

23              BOARD MEMBER JONES: That will work.

24              BOARD MEMBER PAPARIAN: That's the goal.

25              BOARD MEMBER JONES: Then I'd like to --

1 BOARD MEMBER ROBERTI: Madam Chair.

2 BOARD CHAIR MOULTON-PATTERSON: Okay. Senator  
3 Roberti.

4 BOARD MEMBER ROBERTI: I would hope that we  
5 would write, the Board, the Board write a letter to  
6 CalTrans expressing our concern and disappointment that  
7 they completed the contract buying crumb rubber from  
8 British Columbia and the subsidization aspect of the  
9 purchase. And I mean it's kind of surprising to me in  
10 view of the fact that CalTrans has been so reluctant to  
11 use crumb rubber in their construction, and then when  
12 they do it they decide to purchase the material from,  
13 from British Columbia. And that we write the letter to  
14 them and that we CC the Governor.

15 BOARD CHAIR MOULTON-PATTERSON: I would  
16 certainly agree with you. Can you prepare a letter to  
17 Mr. Morales for us on that?

18 MS. GILDART: Yes, certainly. Would it be just  
19 on the importation issue or any --

20 BOARD MEMBER ROBERTI: Well, on the importation  
21 of the, I would say also on the need for increased use of  
22 RAC, that we're happy to see that they are doing that,  
23 unhappy that it sort of defeats the purpose when they're  
24 buying the rubber from, from out of state. And to remind  
25 them that British Columbia subsidizes this so-called

1 lower prices that they're getting. And maybe to just  
2 sort of outline to them one more time the extent of the  
3 problem in California.

4 It is really incomprehensible to me. So --

5 BOARD CHAIR MOULTON-PATTERSON: Thank you. Mr.  
6 Paparian.

7 BOARD MEMBER PAPARIAN: I think that's a good  
8 idea, laying out the issue, but I think we also need to  
9 follow up with some direct contact with some of our  
10 senior folks and with them. We need to have some face to  
11 face contact and really engage in some discussions about  
12 what it's going to take to assure that the California  
13 folks have markets for their products.

14 BOARD MEMBER MEDINA: Madam Chair, just as a  
15 point of clarification, and that's that CalTrans has  
16 twelve district directors, and the district directors have  
17 a lot of discretion in terms of the contracts that they  
18 issue; so this may be one particular district, but it may  
19 not necessarily be a department-wide policy, so therefore  
20 it's important to bring it to the attention of the  
21 director of CalTrans, so that if this is not going to be  
22 a continued practice then it can come down from the  
23 department director.

24 BOARD CHAIR MOULTON-PATTERSON: So Mr. Morales  
25 would be the correct person, is that right?

1               BOARD MEMBER MEDINA: He would be the correct  
2 person, yeah.

3               BOARD CHAIR MOULTON-PATTERSON: Thank you.

4               BOARD MEMBER ROBERTI: And CC to the Governor.

5               BOARD CHAIR MOULTON-PATTERSON: Right. Okay.  
6 Anything else? Okay.

7               Now Mr. Leary, was it your thought that we do  
8 11, 12, and 16 and then go back to your items or --

9               MR. LEARY: Yes, Madam Chair.

10              BOARD CHAIR MOULTON-PATTERSON: Okay. Thank  
11 you. Oh, excuse me. Excuse me. I apologize. We did  
12 have one more late speaker slip. Mark Korte of Tri-C  
13 Manufacturing I believe.

14              MR. KORTE: Yes, it is Tri-C Manufacturing, and  
15 we are a tire processor here in Northern California, and  
16 I was quite happy to hear that I'd be getting a dollar to  
17 a \$1.10 or a hundred to \$110 a ton tipping fees in  
18 Northern California, it's just not the market right now.

19              And of course tipping fees are very important  
20 for the health of any processor in the area. I think the  
21 current fees, on average, are around \$75 a ton, which is  
22 considerably below the dollar, \$1.10 per tire equivalent.

23              Anytime that we move to, move tires to the least  
24 point of resistance, as you did point out, it will affect  
25 the tipping fee. And that would, of course, include a

1 large power station, that sort of thing. So any, you  
2 know, any movement tends to have an opposite reaction.

3 And by the way, I'm going to be in the next  
4 couple of months, the seventh on the list of the crumb  
5 rubber. After hearing some of the comments today I'm  
6 wondering how wise that is, but we already have our  
7 million and a half dollars into it, and employing a lot  
8 of Northern California people, and we hope to make a good  
9 show of it on all accounts.

10 BOARD CHAIR MOULTON-PATTERSON: Thank you very  
11 much. Okay. That concludes item 11, and we'll go on to  
12 item number 12.

13 (Thereupon Item 11 was completed.)

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I, DORIS M. BAILEY, a Certified Shorthand Reporter and Registered Professional Reporter, in and for the State of California, do hereby certify that I am a disinterested person herein; that I reported the foregoing proceedings, pages 1-83, in shorthand writing; and thereafter caused my shorthand writing to be transcribed by computer.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings, nor in any way interested in the outcome of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand as a Certified Shorthand Reporter and Registered Professional Reporter on the 24th day of February, 2001.

Doris M. Bailey, CSR, RPR, CRR  
Certified Shorthand Reporter  
License Number 8751